

**FREQUENTLY ASKED QUESTIONS ON  
BANK INDONESIA REGULATION NO. 12/10/PBI/2010 CONCERNING  
THE THIRD AMENDMENT TO BANK INDONESIA REGULATION  
NUMBER 5/13/PBI/2003 CONCERNING THE NET OPEN POSITION FOR  
COMMERCIAL BANKS**

**1. Q : What is the background of the revisions of the provisions on Net Open Position for Commercial Banks?**

**A :** Economic dynamics at present and in the future lead a number of challenges that require monetary stability and solid financial system in order to maintain medium-term and long-term sustainable economic growth. One of the efforts to strengthen monetary and financial system stability is the financial market deepening, including the domestic foreign exchange market deepening which will allow banks to have adequate space for managing their foreign exchange exposures by remaining in compliance with the prudential banking principles. It is in such context that the revisions of the provisions on net open position of commercial banks are made.

**2. Q : What revisions are made on the provisions on Net Open Position for Commercial Banks?**

**A :** The revisions of the provisions on Net Open Position for Commercial Banks include, among other things:

- a. Deletion of the provisions on Net Open Position for balance sheets.
- b. Imposition of an interval for Net Open Position, namely every 30 (thirty) minutes.
- c. Imposition of a maximum limit of financial penalty, namely Rp250,000,000.00 (two hundred and fifty million Rupiah) for each day of violation with the maximum limit of Rp5,000,000,000.00 (five billion Rupiah) in 1 (one) calendar year.

**3. Q : What does Net Open Position every 30 (thirty) minutes mean? What is the example?**

**A :** Net Open Position every 30 (thirty) minutes is Net Open Position within every 30 (thirty) minutes calculated as of the opening of the treasury system of Banks until the closing of the treasury system of the Banks, an example of which is presented in the elucidation of Article 3 (paragraph (1) of the Bank Indonesia Regulation.

**4. Q : What about a condition in which there are foreign currencies transactions which have been made but have not been inputted into the treasury system?**

**A :** Foreign exchange transactions which have been made (deal done) but have not been inputted into the treasury system are to be

included in the calculation of the treasury open position as referred to in Article 3 paragraph (5) of the Bank Indonesia Regulation.

**5. Q : The Bank Indonesia Regulation includes provisions on mandatory reporting on violation of Net Open Position. What does that mean?**

**A :** If there is any violation of Net Open Position, the Bank concerned must submit a report on such violation on daily basis to Bank Indonesia by no later than at 16.00 WIB on the 2<sup>nd</sup> (second) business day following the occurrence of the violation, with the format as referred to in Appendix 1 to the Bank Indonesia Regulation. The aforementioned report is to be addressed to the Bank Indonesia Head Office (KPBI) for Banks domiciled within the operational area of the Bank Indonesia Head Office (KPBI) or Bank Indonesia Regional Office (KBI) for Banks domiciled outside the operational area of the Bank Indonesia Head Office (KBPI).

**6. Q : What are the sanctions to be imposed on banks for violation of Net Open Position?**

**A :** Violation of the provisions on Net Open Position shall be subject to sanctions in the forms of written reprimand and financial penalty in the amount of Rp250 million per day of violation with a maximum limit of Rp5 billion per calendar year. In addition to the

aforementioned sanctions, additional sanctions may be imposed on certain types of violation in the form of fit & proper test and/or assessment on the bank's soundness.